

## Message Text

LIMITED OFFICIAL USE

PAGE 01 SAN SA 03509 271759Z  
ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 INR-07  
LAB-04 NSAE-00 SIL-01 PA-01 USIA-06 PRS-01 SP-02  
L-03 CU-02 /055 W  
-----099185 280331Z /15

R 271655Z JUL 77  
FM AMEMBASSY SAN SALVADOR  
TO SECSTATE WASHDC 5022  
INFO AMEMBASSYCARACAS  
AMEMBASSY GUATEMALA

LIMITED OFFICIAL USE SAN SALVADOR 3509

E.O. 11652: N/A  
TAGS: ELAB, ES, AIFLD, ASIG  
SUBJECT: AIFLD DIRECT PAYMENTS TO SALVADORAN ORGANIZERS

REFS: (A) SAN SALVADOR 2610, (B) SAN SALVADOR 1424, (C) STATE 061212

1. CONTINUED INVOLVEMENT OF AIFLD IN UCS AND OTHER LABOR UNION AFFAIRS IS A SENSITIVE MATTER, GIVEN AIFLD'S EXPULSION FROM EL SALVADOR IN 1973. ESPECIALLY SENSITIVE IS THE FACT THAT FIVE "ACTIVISTS" WORKING WITH THE UNION COMUNAL SALVADORENA (UCS) AND TWO IN TRADE UNIONS ARE SUPPORTED WITH AIFLD FUNDS, THE LATTER TWO WE UNDERSTAND FROM EARMARKED AFL-CIO CONTRIBUTION TO AIFLD. EVEN THE CHOICE ON WORD "ACTIVIST" IS UNFORTUNATE. UCS ADVISOR ROMBERTO "TITO" CASTRO, WORKS REGIONALLY UNDER AGRARIAN UNION DEVELOPMENT SERVICES (AUDS) OUR OF CARACAS. HE IS PAID \$500 A MONTH BY AIFLD CHECK, AUDS ACCOUNT, SENT THROUGH INTERNATIONAL MAIL. WE ASSUME THE OTHER FOUR UCS ACTIVISTS ARE PAID IN A SIMILAR MANNER.

2. EMBASSY FAVORS CONTINUED ASSISTANCE TO UCS, ASSUMING USG FUNDS ARE PROPERLY CONTROLLED AND AUDITED. WE ARE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SAN SA 03509 271759Z

UNEASY AFTER RECENT PRESS ARTICLE (SEE REFTTEL A) HOWEVER, ABOUT MANNER IN WHICH FUNDS ARE MANAGED. WE REALIZE THAT ASSISTANCE CANNOT BE COVERT, BUT WE WOULD RECOMMEND PROCEDURE FOR REMITTANCE TO UCS BE IMMEDIATELY CHANGED TO REFLECT STRICTLY AN AUDS RELATIONSHIP, AND THAT AUDS CHECKS, LETTERHEADS AND OTHER IDENTIFYING DOCUMENTS NOT MENTION AIFLD. SYSTEM OF BANK DRAFTS WE UNDERSTAND AIFLD NOT WORKING OUT FOR THE TWO URBAN

TRADE UNION ACTIVISTS MAY BE SATISFACTORY. CASTRO SHOULD ALSO PLAY THE ROLE OF A REGIONAL ADVISOR FOR AUDS AND NOT OPENLY REFLECT A CONNECTION WITH AIFLD OR AFL-CIO, IF THAT IS POSSIBLE. CONTROL OVER THE UCS ACCOUNT SHOULD ALSO BE FROM AUDS CARACAS.

3. WE ENCOURAGE EFFECTIVE AUDITS OF FUNDS CONTRIBUTED TO UCS, INCLUDING FOR TRAINING AND OTHER PROJECTS. RECENT AID AUDIT AND OTHER EVENTS SHOW THAT UCS PRACTICES AND PROCEDURES HAVE NOT BEEN PROPER OR ADEQUATE. WE BELIEVE AIFLD TO BE AT FAULT, AS WELL AS UCS, FOR NOT REQUIRING ADEQUATE CONTROLS AND AUDIT. CURRENT ASSIGNMENT OF PEACE CORPS VOLUNTEERS TO ADVISE ON BOOKKEEPING IN COOPS UNDER UCS MAY HELP. WE WISH TO HELP INSURE COORDINATION IN ANY WAY EMBASSY CAN PROPERLY DO SO.

4. THE EMBASSY IS ALSO AWARE OF AN IAF AUDIT (WITH PRICE WATERHOUSE HERE) OF THAT ENTITY'S PORTION OF UCS PROGRAM FUNDS. WE WOULD APPRECIATE ARRANGEMENTS FOR RESULTS OF THAT AUDIT TO BE SHARED WITH THE EMBASSY, IF POSSIBLE.

5. WE WISH TO EMPHASIZE THAT ANY POSSIBILITY OF AIFLD EVER BEING ALLOWED TO RETURN TO EL SALVADOR COULD BE PREJUDICED BY THE WAY THE PROGRAM IS NOW BEING CONDUCTED. PAYMENT OF SALARY OF, OR SUBSIDY TO, ACTIVISTS IS THE MOST SENSITIVE OF ALL; REGIONAL EDUCATION PROGRAMS PROBABLY LEAST SENSITIVE. WE ESPECIALLY FAVOR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SAN SA 03509 271759Z

HELP BEING GIVEN UCS, AS AN ORGANIZATION WITH ONE OF APPROACHES WHICH MAY HELP SOLVE THE RURAL LABOR PROBLEM. ITS VERY EXISTENCE COULD BE THREATENED, HOWEVER, BY ANY PUBLIC DEBATE REVOLVING AROUND AIFLD (INDIRECTLY USG) SUBSIDY OF ACTIVISTS. WE RECOMMEND A THOROUGH STUDY OF ALTERNATIVES TO THE CURRENT APPROACH, FOR INSTANCE,

EXPLORATION OF THE POSSIBILITY OF BROAD CONTRACTS FOR GRANT ASSISTANCE WITH SPECIFIC SUBSIDIES TO INDIVIDUALS ELIMINATED.

6. EXEMPT FROM AUTOMATIC DECONTROL BY EARL H. LUBENSKY.

LUBENSKY

LIMITED OFFICIAL USE

NNN



## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CORRUPTION, INVESTIGATIONS, ALLEGATIONS, LABOR UNION OFFICIALS, AUDITS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 27-Jul-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977SANS03509  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770269-1124  
**Format:** TEL  
**From:** SAN SALVADOR  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770713/aaaaalhe.tel  
**Line Count:** 108  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** f10bf762-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 SAN SALVADOR 2610, 77 SAN SALVADOR 1424, 77 STATE 61212  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 26-Jan-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1733495  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** AIFLD DIRECT PAYMENTS TO SALVADORAN ORGANIZERS  
**TAGS:** ELAB, ASIG, ES, AIFLD, UCS  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/f10bf762-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009